

UTV Media plc

Interim Results 2011



AGENDA

- The UTV Group
- Divisional Business Review
 - Radio
 - Television
 - New Media
- Financial Review to 30 June 2011
- Conclusion

UTV Media plc

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John McCann
Group Chief Executive

Norman McKeown
Group Finance Director

Scott Taunton
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UTV Radio GB*

THE UTV GROUP

UTV Media plc

UTV Radio GB

UTV Radio (GB) operates the national speech station, talkSPORT, 13 ILR stations and a number of DAB multiplexes throughout GB

sport

Sport magazine is the second most read men's title in the UK, with audited circulation over 300,000 each week

UTV Radio Ireland

Largest operator of independent local radio in Ireland with stations in Dublin (2), Belfast, Cork (2), Limerick, Dundalk and Drogheda

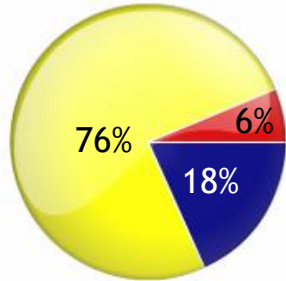
UTV

ITV franchise holder for Northern Ireland
Receivable in 75% of all homes in Republic of Ireland

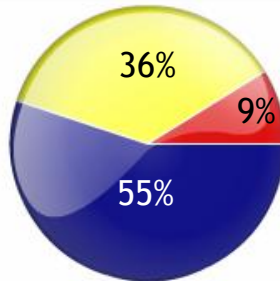
UTV New Media

UTV New Media is a leading Internet Service Provider and web development company

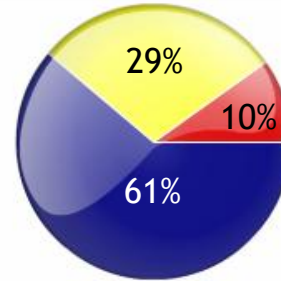
**2003
Turnover**



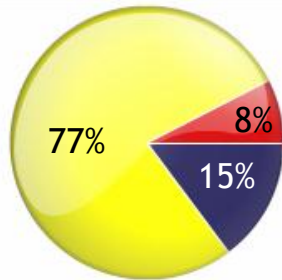
**2007
Turnover**



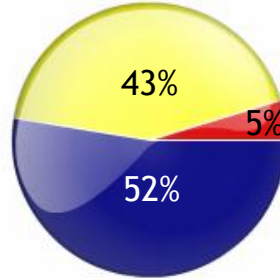
**2011
Turnover**



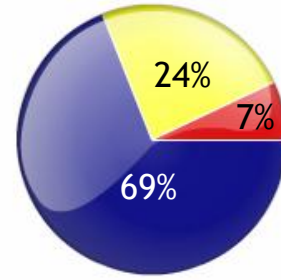
Operating Profit



Operating Profit



Operating Profit



■ Radio ■ Television ■ New Media

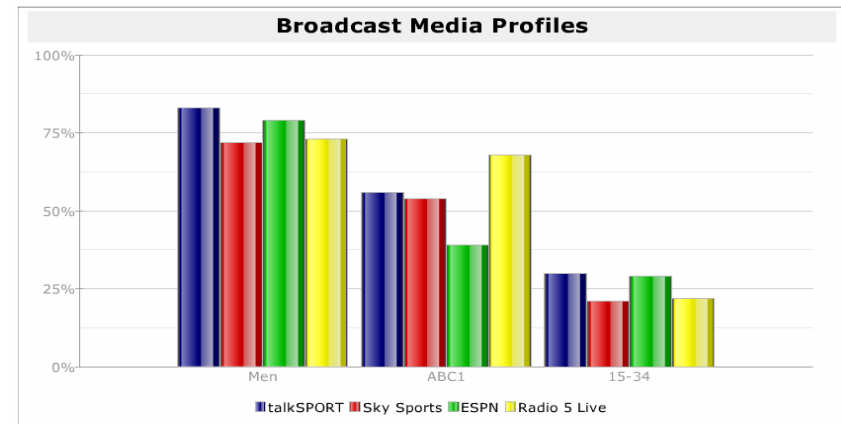
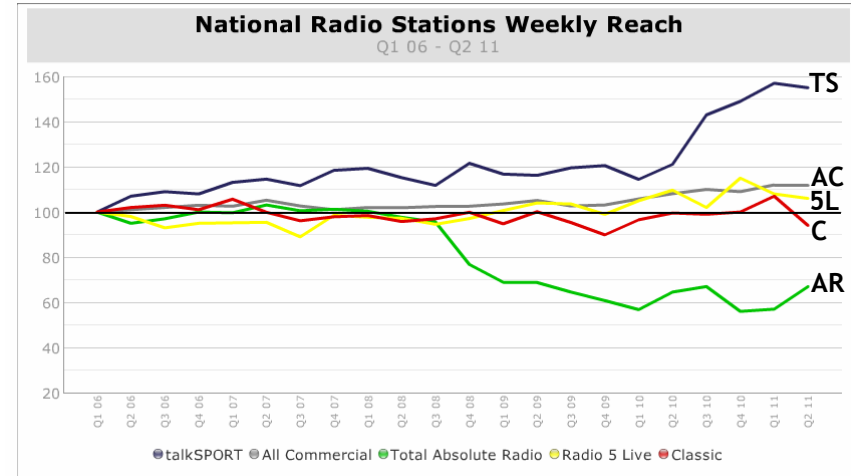
RADIO GB

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- Portfolio includes talkSPORT (one of three Independent National Radio stations) and 13 Independent Local Radio (ILR) stations throughout England and Wales
- talkSPORT is listened to by 3.2m adults (2010: 2.5m) for a total of 20.3m hours (2010: 17.5m hours) each week
- talkSPORT remains the most efficient broadcaster for advertisers targeting a male audience with the highest proportion of male audience of any UK broadcast media
- Our local stations are listened to by 1.5m adults (2010: 1.1m) for a total of 10.9m hours (2010: 9.4m hours) each week
- Sport Magazine has an ABC audited weekly circulation of over 300,000 - the second most read men's magazine in the UK



Note: Sky Sports/ESPN are 16-34

talkSPORT

- Revenue in talkSPORT maintained at £14.8m (2010: £14.8m) despite the comparative including the 2010 World Cup
- Operating costs of £11.4m (2010: £10.4m) due primarily to additional Premier League costs, digital investment and increased paper costs
- Operating profit reduced by £1.0m to £3.4m (2010: £4.4m)

Local Radio

- Revenue in our local radio operations was slightly down at £10.4m (2010: £10.5m)
- Operating costs decreased to £8.0m (2010: £8.2m)
- Operating profit of £2.4m (2010: £2.3m)
- Total operating profit for UTV Radio (GB) reduced by 12% to £5.8m (2010: £6.7m)

	Six months to 30 June:		
	2011 £m	2010 £m	Change £m
Turnover			
talkSPORT	14.8	14.8	0.0
Local Radio *	10.4	10.5	(0.1)
	25.2	25.3	(0.1)
Operating costs			
talkSPORT	11.4	10.4	(1.0)
Local Radio *	8.0	8.2	0.2
	19.4	18.6	(0.8)
Operating profit			
talkSPORT	3.4	4.4	(1.0)
Local Radio *	2.4	2.3	0.1
	5.8	6.7	(0.9)

* Includes associate income £0.1m (2010: £0.2m)

- The radio advertising market in Quarter 3 is expected to grow by 9% with national up 12% and local up 2%
- talkSPORT is expected to be up by 14% in Quarter 3
- Our local radio revenue is expected to increase by 2% in Quarter 3
- Exclusive radio broadcast rights to the Rugby World Cup should help to underpin advertising revenue performance in the second half of the year
- The investment in rights and talent are continuing to support strong listenership figures

RADIO IRELAND

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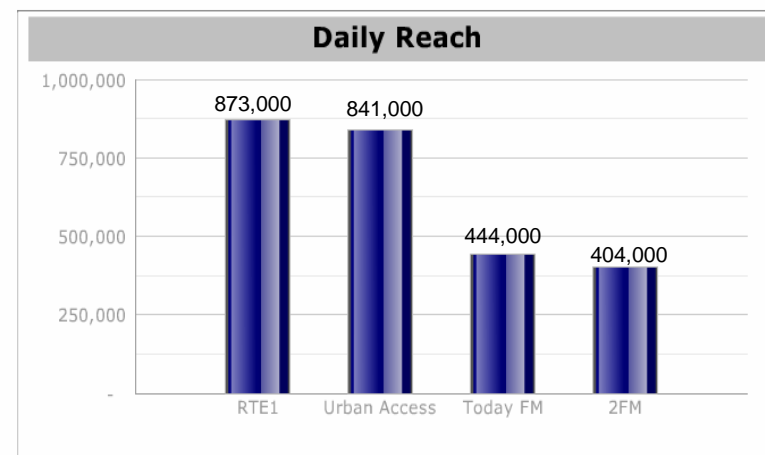




- UTV owns market leading stations in six major urban areas in Ireland with FM104 and Q102 the top two stations in Dublin
- UTV also sells airtime in two other major urban areas, being Galway and the South East region
- Listenership data published for the period to June 2011 shows:

	Weekly Reach	Market Share
Corks 96FM/C103	69%	46%
Live 95FM	73%	34%
Q102	20%	11%
FM104	31%	12%
LMFM	37%	30%
U105.8FM	27%	11%

Source: JNLR/Ipsos MRBI July 10-June 2011/ RAJAR July 2011



Sources: JNLR

- U105 in Belfast, which broadcasts to a population of 860,000 achieved an increase of 59% in reach to 234,000 adults (June 2010: 147,000)

- Anecdotally we believe the Irish Radio market was down by 10-12% in the first six months of the year
- Our Urban Access package supported by our leading market positions in each of the key urban areas has been instrumental in our outperformance of the market
- Total turnover of £11.0m (2010: £11.5m) a 4% decrease with no significant foreign exchange impact
- Operating costs were reduced by 4% to £8.0m (2010: £8.3m)
- Operating profit in the period declined by 6% to £3.0m (2010: £3.2m)

	Six months to 30 June:		
	2011 £m	2010 £m	Change £m
Turnover			
Agency	7.3	7.6	(0.3)
Local	3.5	3.7	(0.2)
Other	0.2	0.2	0.0
	11.0	11.5	(0.5)
Operating costs	8.0	8.3	(0.3)
Operating profit	3.0	3.2	(0.2)

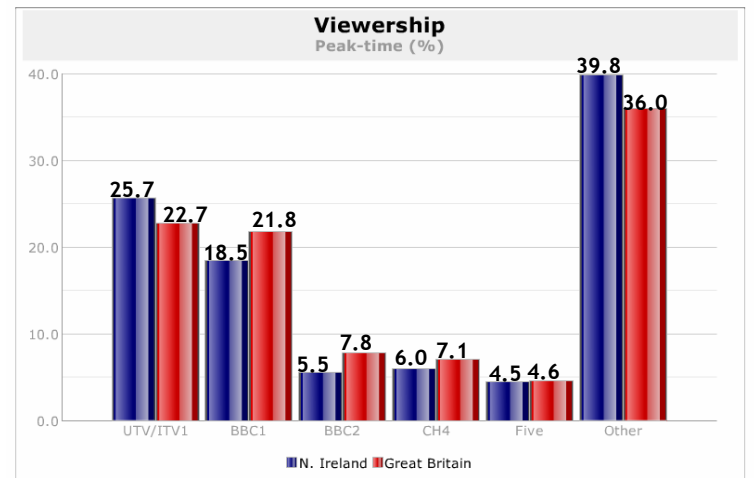
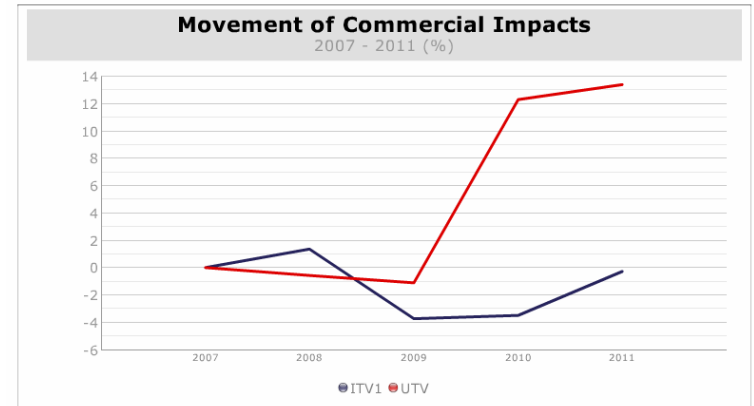
- The radio advertising market in Quarter 3 is expected to be down by 10%
- In this period our radio advertising revenue is expected to decrease by 5%
- Strong audience delivery continues to be the key factor in our outperformance of the market

TELEVISION

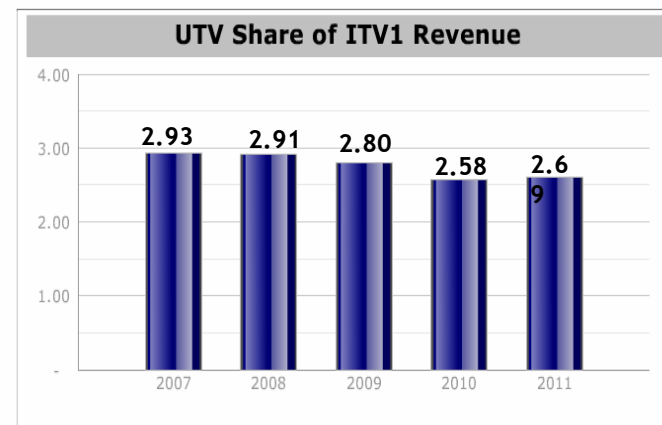
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- UTV's commercial impacts have grown by 13% from 2007 compared to ITV1 which has remained unchanged
- UTV's share of peak-time viewership declined but it had
 - 13% more viewership than ITV1 with a share of 25.7%
 - 39% more viewership than BBC1 Northern Ireland
 - More than 4 times the viewership of Channel 4, our nearest commercial competitor
- All multi-channel viewing at 39.8% compares favourably to a single channel UTV share of 25.7%
- UTV had 6.9% peak-time share in the 87% of Republic of Ireland homes which are multi-channel



- UTV share of ITV1 revenue has increased to 2.69% (2010: 2.58%)
- UK television advertising market increased by 3.2% in the first six months
- ITV1 advertising revenue was flat
- UTV advertising revenue increased by 4% despite strong 2010 World Cup comparatives and Dublin sales down by 4%
- Total turnover increased by 3% to £17.2m (2010: £16.6m)
- Operating costs reduced by £1.1m to £14.1m (2010: £15.2m) due to 2010 World Cup and other overhead savings
- Operating profit increased by £1.7m to £3.1m (2010: £1.4m)



	Six months to 30 June:		
	2011 £m	2010 £m	Change £m
Turnover			
Belfast	3.7	3.4	0.3
Dublin	2.7	2.8	(0.1)
London	9.1	8.8	0.3
Other	1.7	1.6	0.1
	17.2	16.6	0.6
Operating costs	14.1	15.2	1.1
Operating profit	3.1	1.4	1.7

- The UK television advertising market in Quarter 3 is expected to be down by 1%
- ITV Network in Quarter 3 is expected to be down by 1%
- In this period our television advertising revenue is expected to be down by 1%

NEW MEDIA

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- Turnover increased by 4% to £5.8m (2010: £5.6m) with
 - Revenue from Internet reducing to £3.8m (2010: £4.0m)
 - Revenue from Tibus increasing to £1.8m (2010: £1.5m)
 - Revenue from our portal businesses increasing to £0.2m (2010: £0.1m)

- Additional costs of £0.3m largely driven by sales increase in Tibus

- Total operating profit of £0.9m (2010: £1.0m) with
 - Internet £0.3m (2010: £0.5m)
 - Tibus delivering £0.6m (2010: £0.5m)

- Trading for Q3 is expected to be in line with the first six months of 2011

	Six months to 30 June:		
	2011 £m	2010 £m	Change £m
Turnover			
Internet	3.8	4.0	(0.2)
Tibus	1.8	1.5	0.3
Other	0.2	0.1	0.1
	5.8	5.6	0.2
Operating costs			
Internet	3.5	3.5	0.0
Tibus	1.2	1.0	(0.2)
Other	0.2	0.1	(0.1)
	4.9	4.6	(0.3)
Operating profit			
Internet	0.3	0.5	(0.2)
Tibus	0.6	0.5	0.1
Other	0.0	0.0	0.0
	0.9	1.0	(0.1)

FINANCIAL OVERVIEW

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FINANCIAL OVERVIEW | 2011 Interim Results

- Turnover from continuing operations increased by £0.2m to £59.2m (2010: £59.0m)
- Operating costs reduced by 1% to £46.4m (2010: £46.7m)
- Group operating profit increased by 4% to £12.8m in 2011 (2010: £12.3m)
- After adjusting for discontinued operations, operating profit grew by 3%, an increase of £0.4m
- Average Euro exchange rate 1.15 (2010: 1.15)



Six months to 30 June:

	2011 £m	2010 £m	Change £m
Radio GB *	25.2	25.3	(0.1)
Radio Ireland	11.0	11.5	(0.5)
Television	17.2	16.6	0.6
New Media	5.8	5.6	0.2
Turnover	59.2	59.0	0.2
Radio GB	19.4	18.6	(0.8)
Radio Ireland	8.0	8.3	0.3
Television	14.1	15.2	1.1
New Media	4.9	4.6	(0.3)
Operating costs	46.4	46.7	0.3
Radio GB	5.8	6.7	(0.9)
Radio Ireland	3.0	3.2	(0.2)
Television	3.1	1.4	1.7
New Media	0.9	1.0	(0.1)
Operating profit from continuing operations	12.8	12.3	0.5
Discontinued operations	(0.2)	(0.1)	(0.1)
Group Operating Profit	12.6	12.2	0.4

* Includes associate income £0.1m (2010: £0.2m)

- Net finance costs were reduced by 32% to £1.8m (2010: £2.7m) due to debt reduction and lower swap rates
- Group operating profit increased by 15% to £10.9m (2010: £9.5m)
- Effective tax rate of 22% (2010: 23%)
- Exceptional item relates to deferred tax credit of £0.6m due to change in UK corporation from 27% to 26%
- Diluted adjusted earnings per share from continuing operations of 8.6p (2010: 7.4p), an increase of 16%
- An interim dividend of 1.5p has been declared for 2011 (2010: 1.0p)

	Six months to 30 June:		Change £m
	2011 £m	2010 £m	
Group operating profit	12.8	12.3	0.5
Net finance costs	(1.8)	(2.7)	0.9
FX	(0.1)	(0.1)	0.0
Group operating profit before tax	10.9	9.5	1.4
Taxation	(2.4)	(2.2)	(0.2)
Discontinued operations	(0.2)	(0.1)	(0.1)
Profit before exceptional items	8.3	7.2	1.1
Exceptional item	0.6	0.0	0.6
Profit after exceptional item	8.9	7.2	1.7
Diluted adjusted earnings per share (pence)			
Continuing	8.6	7.4	

- Over the last 12 months net debt was reduced by £14.2m or 18% to £63.1m at 30 June 2011 (30 June 2010: £77.3m)
- Total borrowings of £73.0m comprise bank loans of £48.0m and €28.0m (£25.3m), Euro rate 1.11 (2010 1.17), net of deferred financing costs of £0.3m
- Net Debt: EBITDA ratio at 30 June was 2.20x (2010: 2.87x) compared to covenant of less than 3.50x (2010: less than 3.75x)
- EBITDA: Interest cover of 7.87x (2010: 5.11x) compared to covenant of at least 3.25x
- Total borrowing facilities at 30 June of £104.8m with unutilised facilities of £31.5m
- Amortising interest rate swaps were put in place from 30 June 2010 until 28 June 2013 with 60% of the total drawn debt fixed at a blended rate of 2.23% plus applicable margin

Net Debt

	30/06/11 £m	30/06/10 £m
Bank loans		
Current	8.5	8.1
Non-current	64.5	79.6
	73.0	87.7
Cash	9.9	10.4
	63.1	77.3
Euro exchange rate	1.11	1.22

Facilities as at 30 June 2011

	Utilised £m	Unutilised £m
Facility A	40.0	0.0
Facility B	8.0	27.0
Facility C *	25.3	0.0
Facility D **	0.0	4.5
	73.3	31.5

* Facility C utilised €28m

** Facility D unutilised €5m

Margins

Net Debt: EBITDA	Applicable margin
3.00 - 3.50	2.65%
2.50 - 3.00	2.45%
2.00 - 2.50	2.25%
Less than 2.00	2.00%

Cash flow

- Free cash flow from operations of £14.0m (2010: £13.2m)
- Capital expenditure of £1.2m in the first six months
- Working capital inflow of £1.9m (2010: £0.9m inflow)
- Finance costs reduced to £1.8m (2010: £2.3m) due to the lower debt level and lower swap rates
- Non cash movements of £1.5m outflow (2010: £2.0m inflow) reflect FX due to the movement in euro exchange rate at 30 June 2011 to 1.11 (1.17 at 31 December 2010) less deferred financing costs

	Six months to 30 June:		
	2011 £m	2010 £m	Change £m
EBITDA	13.3	13.0	0.3
Capital expenditure	(1.2)	(0.3)	(0.9)
Working capital	1.9	0.9	1.0
Exceptional costs	0.0	(0.4)	0.4
Free cash flow from operations	14.0	13.2	0.8
Finance cost	(1.8)	(2.3)	0.5
Tax	(1.1)	0.0	(1.1)
Minority dividends	0.0	(0.3)	0.3
Acquisitions	0.0	(0.2)	0.2
Discretionary pension	(1.2)	(1.2)	0.0
Cash inflow/ (outflow)	9.9	9.2	0.7
Non cash movement (FX & def fin costs)	(1.5)	2.0	(3.5)
Movement in net debt	8.4	11.2	(2.8)

Balance Sheet at 30 June 2011

- Intangibles increased by £6.7m from 31 December 2010 due to the FX movement on the radio licences held in the Republic of Ireland
- Deferred tax assets decreased by £3.5m due to utilisation of tax losses, reduction in UK tax rate and reduced pension liability
- Bank loans decreased by £9.7m to £73.0m (Dec 2010: £82.7m) due to repayments of £11.2m (including non mandatory repayments of £6.9m) and adverse FX movements of £1.5m
- The pension deficit decreased by £1.9m to £4.9m (Dec 2010: £6.8m) due to actuarial gains on both assets and liabilities plus employer contributions
- The pension scheme as at 30 June 2011 comprises assets of 73.8m (Dec 2010: £70.8m) and liabilities of £78.7m (Dec 2010: £77.6m)
- From 31 December 2010 trade & other receivables decreased by £2.4m and trade payables increased by £1.4m

Balance sheet	30 Jun 2011	31 Dec 2010	30 Jun 2010
As at:	£m	£m	£m
Fixed assets	11.5	10.7	10.6
Intangible assets	228.6	221.9	251.6
Investments	0.3	0.2	0.2
Deferred tax	6.4	9.9	13.1
Total non-current assets	246.8	242.6	275.5
Stock	0.6	1.7	0.6
Trade & other receivables	25.8	28.2	30.5
Cash & deposits	9.9	11.3	10.4
Total current assets	36.3	41.2	41.6
Total assets	283.1	283.8	317.1
Trade & other payables	(33.8)	(32.4)	(37.1)
Loans	(73.0)	(82.7)	(87.7)
Deferred tax liability	(37.4)	(38.4)	(48.6)
Pension liability	(4.9)	(6.8)	(13.5)
Other	(4.2)	(5.3)	(3.8)
Total liabilities	(153.2)	(165.6)	(190.7)
NET ASSETS	129.9	118.2	126.4
EQUITY & RESERVES	129.9	118.2	126.4

CONCLUSION

- Despite the macro-economic uncertainty market expectations continue to be met
- Television outperformed the market in the first half of the year and is in line with the market in Quarter 3
- In the current year our radio divisions continue to outperform the market
- Robust cash flow management has significantly reduced the debt level
- Strong audience delivery leaves us well positioned to take full advantage of market upturn